

Tamil Pact Signed in Colombo

Gandhi Pledges India's Support, Riots Continue

Compiled by Our Staff From Dispatches
COLOMBO, Sri Lanka — The leaders of India and Sri Lanka signed an agreement Wednesday intended to end four years of ethnic conflict in Sri Lanka, but Sinhalese opponents of the accord rioted for a second day.

At least 15 people were killed and 75 injured, including six policemen, according to police and reports from around the nation.

Although Prime Minister Rajiv Gandhi of India and President Jaius R. Jayawardene of Sri Lanka signed the accord, the agreement was not initiated by any representative of the Tamil rebels.

They have been fighting the Sinhalese-dominated government to gain a Tamil homeland in the island's Northern and Eastern Provinces where most of the Tamils live.

Mr. Gandhi pledged after the signing to "scrupulously fulfill the obligations" of the peace pact, which would set up a single provincial council to govern the two provinces and grant amnesty to the rebels.

Asked about the reservations of the Tamils, Mr. Gandhi said talks were continuing. "I feel they will go along with us on this," he added.

Mr. Gandhi said Tuesday that Vellupillai Prabhakaran, leader of the main rebel group, the Liberation Tigers of Tamil Eelam, had made a last-minute statement reversing his opposition to the pact. Mr. Prabhakaran could not be reached for comment.

The Tamils, who comprise 18 percent of Sri Lanka's population of 16 million, say they are discriminated against by the Buddhist Sinhalese. Most Tamils are Hindus, as are most Indians. The Tamil rebels have exile headquarters in southern India, where there is a large Tamil community.

The pact has divided Mr. Jayawardene's government since Sinhalese fear that it means a de facto division of the island. Prime Minister Ranasinghe Premadasa, and his agriculture minister boycotted Mr. Gandhi's visit.

Many Sinhalese believe the pact makes too many concessions to the Tamils, and violent protests broke out in Colombo for a second day and spread Wednesday to other southern cities. Buddhist monks led many of the demonstrations.

Police opened fire on crowds at several sites to disperse mobs. Mil-

See SRI LANKA, Page 6



The Italian village of Aquilone, where 14 persons were still missing Wednesday after a landslide and high winds. Page 2

Republican Governors See Bush Ahead, Dole Back, Rest Out

By David S. Broder
Washington Post Service

TRAVERSE CITY, Michigan — The race for the Republican presidential nomination, in the eyes of state governors who are members of that party, has become largely a two-man contest, with Vice President George Bush well ahead of Senator Bob Dole of Kansas, the Senate minority leader.

Interviews with most of the 24 Republicans at the National Governors Association meeting, which ended Tuesday in Traverse City, produced repeated comments that the Iran-contra hearings have not seriously threatened Mr. Bush's candidacy and that his methodical personal campaigning and organizational work have made him the man to beat.

Governor George Deukmejian of California, saying the vice president "is further along than other candidates," told reporters that Mr. Bush has benefited from the Iran-contra hearings.

"There was speculation early he might be wounded, and that has not happened; so it's given him an

opportunity to get additional financial and volunteer support," he explained.

Across the country, "Bush is the heir apparent" said Governor Edward DiPrete of Rhode Island, adding, as did several others, that the vice president "has to set out his own agenda," distinct from President Ronald Reagan's, in order to hold support.

Mr. Bush's aides said he would do that in an intensive speaking schedule between his formal announcement of candidacy, now planned for mid-October, and a series of network-sponsored television debates in early December.

For some Republican governors, that will be none too soon. "I told him three years ago he had to strike out on his own and be his own man," said Governor Henry Bellmon of Oklahoma.

Despite such comments, Mr. Bush's aides claim that they have realistic hopes of expanding his list of formal endorsements from the present four to as many as 14 governors before the first primary election. They expect no more than three governors to support other candidates.

Except for governors from such early primary and caucus states as Iowa and New Hampshire, most of those interviewed reported little organized support for the other Republican contenders: Representative Jack F. Kemp, Pierre S. du Pont 4th, Alexander M. Haig Jr., Paul Laxalt and Pat Robertson.

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rubbed off on our senator." He was referring to Senator Warren B. Rudman, Republican of New Hampshire, who is co-chairman of the Senate panel and a likely leader of Mr. Dole's effort in New Hampshire.

Mr. Bush was judged to be ahead in Alabama, California, Florida, Illinois, Indiana, Maine, Massachusetts, Oklahoma, South Carolina, Texas, West Virginia and Wisconsin. Mr. Dole's strength is concentrated in the Midwest and North Carolina, the home state of his wife, the U.S. secretary of transportation, Elizabeth Hanford Dole.

Surprisingly, the most serious doubts about Mr. Dole's candidacy were raised by Mr. Bellmon, who served 12 years in the Senate before retiring in 1980.

"I like Bob Dole as a person," he said, "but he's very deficient in the international area, where Bush is very strong." Mr. Bellmon also expressed concern over whether Mr. Dole has abandoned what Mr. Bellmon called "the caustic, destructive, hip-shooting" tactics he used as the 1976 Republican nominee for vice president.

From there, the helicopters will fly to meet the USS Guadalcanal, an amphibious landing ship and helicopter carrier taking part in routine exercises in the Indian Ocean, the sources said.

The officials, who insisted on anonymity, refused to say when the Guadalcanal and the RH-53D helicopters would arrive in the Gulf.

But the trip would require several days of steaming time, one official said.

The sources said the Bridgeton, a Kuwaiti tanker flying the U.S. flag, would join another refloated tanker, the Gas Prince, in sailing from Kuwait under U.S. naval escort by Friday. The Bridgeton struck a mine last Friday on the first U.S. escort trip into the Gulf but was able to continue on its way.

One official, in discussing the movement of the big RH-53D helicopters, said it was likely that only four of them would operate off the Guadalcanal at a time.

"These are huge copiers," he said. "But we want to get at least eight over there in the vicinity. Some will probably stay on Diego Garcia for the time being."

Kuwait and Saudi Arabia have See GULF, Page 6

Probing the Boundaries of Glasnost

Protest and Rancorous Rock Concert Leave Moscow Agog

By Philip Taubman
New York Times Service

MOSCOW — A joyous rock concert and an angry public demonstration in the last few days have established new boundaries for spontaneous public behavior and protest in Soviet society.

In different settings and for reasons that could hardly have had less in common, a group of Crimean Tatars seeking to redress grievances and the audience at a Billy Joel concert threw away the rule book that has governed public activities in the Soviet Union for decades.

After they met with Mr. Gromyko, the Tatar delegates expressed dis-

appointment over what they said was a failure by the government to guarantee a sympathetic inquiry into their case.

At the rock concert, held Sunday night at the Olympic Stadium, thousands of people, energized by the presence and music of Mr. Joel, bolted from their seats an hour into the performance and started dancing in the aisles and pressing around the stage.

Many of the people there said they had never witnessed, much less taken part in, such a breakdown in the normal decorum at a public performance. The scene was repeated Monday night.

Even a few months ago, it would have been inconceivable for a human rights protest to occur in the heart of the capital without the participants being quickly whisked away by the police.

There was no immediate confirmation of the report from Damascus or any other source.

their way toward unexplored territory, unsure how far they could go.

One indication of the uncertainty was the reaction of the Soviet concert organizers, who first upbraided Mr. Joel's associates for letting things get out of control, then later assured the Americans that everything was all right.

As the people in the audience, who sat almost motionless through the first part of the concert, broke out of the trance that seems to affect Soviet spectators at public events, many people looked around in astonishment at the scene and their own role in it.

Although such behavior at rock concerts would be routine in the West, spontaneous behavior at public events is absent in the Soviet Union. What made the behavior all the more striking was that many of those dancing and gesturing wildly were people in their 30s and 40s, who normally would be likely to condemn such conduct.

It was as if emotions and energy that had been pent up for years were suddenly released.

News of the Crimean Tatar protest and the rancorous behavior at the concert, although not reported in the Soviet press or on television, See SOVIET, Page 6



TALKING IN GENEVA — Alexei A. Obukhov, right, the deputy leader of the Soviet arms negotiating team, and two aides discussed documents on Wednesday to be given to their U.S. counterparts. Moscow insisted on respecting the 1972 ABM treaty. Page 6



An appeals court upheld the conviction of former Prime Minister Kakuei Tanaka for taking bribes from Lockheed. Page 2.

GENERAL NEWS

■ Giovanni Spadolini, Italy's new prime minister, is perceived as a soft-spoken "superstar." Page 2.

■ Toshiba conceded that it made other Soviet sales. Page 6.

BUSINESS/FINANCE

■ The European Community is investigating last year's take-over of Alfa Romeo SpA by Fiat SpA. Page 11.



The battle of the designers: Saint Laurent's fox-bordered leather coat, left, and Lacroix designs for evening wear.

Daggers Amid Feathers and Bows

Lacroix's Stardom Is Too Much for Saint Laurent

By Helene Dorsey
International Herald Tribune

PARIS — No matter where you go during the current couture collections, you can't get away from Christian Lacroix. He has stolen the show. And now he is at the center of a royal battle between Yves Saint Laurent and John B. Fairchild, the publisher of Women's Wear Daily, who was not admitted to the Saint Laurent showings Wednesday.

And what has Fairchild done to deserve this?

Saint Laurent showings: Fur trims, strong colors. Page 6

The view at Saint Laurent is that Fairchild, who has hailed Lacroix as Paris' new fashion hero, is using him to destroy Saint Laurent.

Fairchild has been Saint Laurent's most loyal supporter, giving his collection a four-star rating year in and year out. By publishing page after page of Saint Laurent designs, Fairchild also widely influenced Se-

enth Avenue.

Lacroix has turned to hate since last season, when Fairchild gave the cover of his influential publication to Lacroix, and put Saint Laurent inside.

Fairchild said that Saint Laurent and his busi-

ness manager, Pierre Bergé, "couldn't accept that we didn't rave about their last collection. It's very sad for us after 20 years of friendship. I

even spent \$10,000 making a book, which I sent them, with every single article we ran on Saint Laurent in the last 20 years. This included 70 'W' covers. I didn't hear a word. I sent them a telegram inviting them to come to my Legion of Honor in September — and again, not a word.

The only message I got was a telegram from their lawyer threatening to sue us if we ran pictures of the Saint Laurent collection. But you know me," Fairchild added, "I don't care. I love a fight."

Bergé's answer was: "We don't like traitors. I don't accept that Fairchild sent a telegram to Yves last season saying: 'You're the king of fashion. Long live the king,' then put him on the second page. And I don't like him using Lacroix to destroy Saint Laurent."

Why would Fairchild do such a thing? "Because," Bergé said, "Mr. Fairchild is a megalomaniac who wants to prove that he can make or break."

As to Fairchild's long years of unconditional friendship (which, many felt, sometimes damaged the publisher's professional credibility), Bergé said: "So what! He's done a lot for us and we've done a lot for him. It's like a divorce. Lucy that we didn't have any children."

But back to Lacroix. Bergé, who saw Lacroix's collection the other day, said: "It's very good and lively but I don't think it's contemporary. It's very amusing and interesting and I don't scorn it. It's like fresh air but I don't find him a master of cut. But I have nothing against him. I even sponsored his entrance to the Chambre Syndicale."

For the congressional Iran-contra committee, Mr. Meese added another dimension on Tuesday to the parade of witnesses in the hearing rooms and before the television cameras. Retired Major General Richard V. Secord appeared arrogant while testifying; Robert C. McFarlane, the former national security adviser, was evasive; Lieutenant Colonel Oliver L. North was seductive; Rear Admiral John M. Poindexter was evasive; Secretary of State George P. Shultz was wronged.

Mr. Meese was affable throughout. And the story he told was marked by singular lack of passion and curiosity. As he described it, his inquiry for President Ronald Reagan into the origins of the Iran arms sales was casual. He seems to have experienced no sense of alarm, anger or betrayal as he learned that some of the president's closest advisers were deeply involved in what he believed to be a possible criminal master.

By his own account, he appeared reluctant to ask important officials tough questions about exactly what

See AFFABLE, Page 6

Attorney General Meese said the U.S. is still trying to free hostages in Lebanon. Page 6.

Goria: A Modest 'Superstar' Offers Italians a New Image

By Roberto Suro
New York Times Service

ROME — Giovanni Goria likes to recall that his first big move into national politics, his appointment as treasury minister in 1982, came as such a surprise that he had to borrow a friend's dark suit for the swearing-in ceremony.

Dressed in slightly informal bluish-gray, Mr. Goria took an oath Wednesday morning that made him prime minister of Italy's 47th postwar government. The man who describes himself as "an accountant who's also a politician" still expresses surprise at his own success, but by now a certain modesty has become part of Mr. Goria's political personality.

Mr. Goria has retained the image of an outsider in Rome although he has been in Parliament since 1976 and is a well-established player in the corridors where deals are made. Behind a salt-and-pepper beard, he radiates an earnest lack of pretension, yet he is also one of the most effective and most visible television personalities on the political scene.

Proclaiming him a "superstar" in a cover story this week, the newsmagazine *L'Espresso* speculated whether the considerable appeal of Mr. Goria's personality, as documented in public opinion polls, would translate into political strength. The contrast between his soft-spoken style and the stridency most typical of his immediate predecessors is listed as one of his major assets.

Mr. Goria, whose 44th birthday is Thursday, is already the youngest man to lead Italy since the fall of Fascism. Now commentators are wondering whether he might also be the first to take full advantage of the gradual "Americanization" of Italian politics, which has seen an image growing in importance at the expense of party machines.

When he had finished reading off the names of his cabinet mem-

bers on television Tuesday night, Mr. Goria added a quip under his breath, a slang expression that might translate as "Oh lord, wish us luck."

Mr. Goria is going to need all the clever gestures, good luck and blessings he can get, according to most analysts. In a front-page editorial Wednesday, the Milan newspaper *Il Giornale* said, "Goria clamorously blundered his entry on stage. It was not all his fault, but he is the one who lost face."

Twice Tuesday evening he had to postpone announcing the formation of his government while the members of his five-party coalition haggled over the distribution of cabinet posts. At one point, his aides have suggested, the whole enterprise looked like it was going to collapse after two weeks of negotiations, forcing Mr. Goria to an-

5 Parties Share Coalition Posts

The Associated Press

ROME — Giovanni Goria's coalition consists of the same five parties that have governed Italy together in often uneasy alliances since 1981: the dominant Christian Democrats plus the Socialists, Republicans, Liberals and Social Democrats.

The cabinet consists of 15 Christians, including Mr. Goria, eight Socialists, three Republicans, three Social Democrats and one Liberal.

The deputy premiership went to a Socialist, Giuliano Amato, who also was named treasury minister. Giulio Andreotti, a Christian Democrat and five-time prime minister, remained as foreign minister. The departing Christian Democratic caretaker prime minister, Arnaldo Fanfani, is Mr. Goria's interior minister.

nounce that he had failed to form a consensus.

The messy display of power brokering is being widely described as a sign of the fragmented and highly combative political situation that Mr. Goria will have to manage. His capacity to meet this kind of challenge is a virtual unknown.

Born in Asti, the Piedmont town famous for its sparkling wines, Mr. Goria is the son of a civil servant and a shopkeeper. He studied economics and worked at a local savings bank but was already a member of the Christian Democratic Party at age 17. His career advanced under the patronage of Ciriaco De Mita, the current party secretary, and he quickly became the Christian Democrats' most authoritative voice on economic matters.

His wife, Eugenia, and their two children, ages 15 and 11, have remained in Asti. Meanwhile, Mr. Goria has kept a studio apartment in Rome, and he has become a familiar figure in the capital's fashionable restaurants and chic salons. He confesses to being "a fugitive father," seeing his family only on some weekends.

First as budget undersecretary and then as treasury minister, Mr. Goria has played a central role in developing economic policy during a period that has seen Italy enjoy a boom in productivity and a sharp decline in inflation. Opinions are sharply divided over how much credit he deserves.

Eugenio Scalfari, editor of Italy's top-circulation daily, *La Repubblica*, wrote last week: "If inflation has come back under control, to the extent that it has not depended on international factors, the merit should be ascribed to him, along with the governor of the central bank."

Others reject Mr. Goria's image as the hard-nosed administrator of unpopular but successful policies. Bruno Visentini, a Republican who



Giovanni Goria

was finance minister much of the time Mr. Goria was at the treasury, criticized the new prime minister for almost tripling the size of the government debt and said Mr. Goria had achieved political success by ballooning an already substantial budget deficit.

Cutting that deficit at a time when Italy's boom appears to be leveling off is going to be as much a challenge for Mr. Goria as keeping the peace among his bickering coalition partners.

The talents he brings to his new job were summed up by Indro Montanelli, editor of *Il Giornale*, who wrote: "The man is certainly not a Bismarck or a Metternich. But, he has a clean face, full of energy, he stirs up maternal instincts in women and he also pleases men because, among so many mandarins, he stands out with his air of a somewhat clumsy rustic."

U.K. Sells a Cruiser to Chile

Agence France-Presse

LONDON — Britain has sold Chile's light cruiser equipped with four Exocet missile launchers for £10 million (\$15 million), the British Defense Ministry said Wednesday.

"No one would have been more

Britain, France Give Go-Ahead to Tunnel

By Julian Nundy
International Herald Tribune

PARIS — Britain and France completed the last formalities Wednesday for building an English Channel tunnel, giving the final go-ahead to construction of a project whose concept dates back at least 23 years.

But despite an atmosphere of mutual congratulation, the picture was still marred by British reluctance to build the necessary rail lines for the highly successful French high-speed train or TGV, to run at its top speed of 180 miles per hour (280 kilometers per hour) as far as London.

If the train, which needs special tracks with a minimum of bends and curves, were to be fully exploited, a traveler could go from central Paris to central London in three hours and 15 minutes, about 45 minutes faster than the current average time for a plane passenger.

President François Mitterrand told Prime Minister Margaret Thatcher at a ceremony at the Elysee Palace that the tunnel, a 30-mile (48-kilometer) rail link scheduled for completion six years from now, meant that "we can at last say that the continent has ceased to be isolated."

As ratified copies of the 1986 French-British treaty were exchanged, Mrs. Thatcher replied that construction of the tunnel, Europe's largest civil engineering project ever, had been foiled in the past "by bureaucracy, narrow minds or plain fear of the unknown."

The exchange of documents, which include procedures for arbitration in the event of disagreements, was made possible when the House of Lords ratified the treaty July 16 and Queen Elizabeth II gave the Royal Assent last Thursday. The French Parliament ratified the treaty in the spring.

"No one would have been more thrilled than Queen Victoria, who always saw a channel tunnel as of

ferring salvation from her dread of sea sickness," the British prime minister said.

Mr. Mitterrand said that he did not expect what he called Britain's "insular spirit" to disappear.

The \$7.5-billion tunnel, to be built by the Eurotunnel consortium, will be constructed entirely by private enterprise with no state funding, a condition that is strictly laid down by the various treaty provisions.

Huge machinery has already been built to begin boring the tunnel early next year, and Mrs. Thatcher said that £21 million (\$37 million) worth of equipment had already been ordered from British companies. Exploratory work is under way.

Mrs. Thatcher said that France and Britain planned to operate high-speed trains "between Paris and London from the date of the opening of the tunnel."

But officials made it clear that this meant only that the TGV would run at a maximum speed of 100 mph, on existing tracks. The lines that it would use in southeastern England serve a network of slow commuter trains. The restriction will make the journey last around four hours.

British Rail officials attending the Elysee ceremony said that the TGV used on the run would have to be adapted for use on British tracks. One problem is that French trains use overhead cable for their electricity whereas trains in southeastern England get power from a third rail on the ground.

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"No one would have been more

WORLD BRIEFS

Tanaka Conviction Upheld on Appeal

TOKYO (NYT) — An appellate court on Wednesday upheld the conviction of former Prime Minister Kakuei Tanaka for taking bribes years ago from Lockheed Corp.

The Tokyo court, the second highest in Japan, upheld not only Mr. Tanaka's conviction but also his sentence of four years in prison and a fine of 500 million yen (currently \$3.3 million). The sentence has been suspended while the case, which began with an indictment in 1976, makes its way through Japan's judicial process. It will now go to the Japanese Supreme Court, insuring that a few more years will pass before it is finally resolved.

The ruling reaffirmed that a man who was Japan's undisputed kingmaker until recently will not play a significant role in the struggle under way among three somewhat younger politicians to succeed Prime Minister Yasuhiro Nakasone when his term expires in three months.

Mr. Tanaka was accused of having accepted payments totaling 500 million yen as prime minister in 1973 and 1974 (then \$1.7 million) to promote Lockheed aircraft sales to All Nippon Airways. Four other defendants, including Mr. Tanaka's former secretary, Toshio Endo, also were found guilty.

Bulgarian Leader Proposes Reforms

VIENNA (AP) — Todor Zhivkov, the Bulgarian leader, is planning major changes in the constitution and government that he says will lead to a more market-oriented economy, the Bulgarian news agency said Wednesday.

The BTA news agency, monitored in Vienna, said the Central Committee had approved the changes and that a special national party conference to be held in December. BTA quoted Mr. Zhivkov as telling the Central Committee on Tuesday that the Council of Ministers, the governing body, and the State Council should be replaced by a single person.

The National Assembly, the nation's parliament, should become "a collective working body of self-management" and two or more committees should contest each seat at election, Mr. Zhivkov was quoted as saying. He also proposed that national referenda be held on major issues.

Chinese President May Quit Politburo

BEIJING (UPI) — President Li Xianhuan told a Japanese delegation Wednesday that he plans to retire from China's ruling Politburo in October as part of a plan to promote younger leaders, Japanese sources said.

Western analysts said the announcement indicated that China's senior leader, Deng Xiaoping, who has also expressed a desire to renounce this autumn, may be succeeding in his efforts to persuade aging party veterans to quit the Politburo.

"At the 13th Communist Party Congress this October, I want to join the rear guard," Japanese sources quoted Mr. Li as telling Makoto Tanabe, the head of a Japanese Socialist Party delegation. "I want to resign from the Politburo and the Politburo Standing Committee." Mr. Li, who turns 78 this year, did not specify whether he would also renounce the presidency, a post to which he was elected in 1983.

Reagan Wants Bork Confirmed Soon

WASHINGTON (AP) — President Ronald Reagan urged the Senate on Wednesday to confirm Judge Robert H. Bork as a Supreme Court justice as soon as possible.

Mr. Reagan's call came as the White House said it was not embracing a suggestion by Senator Bob Dole, Republican of Kansas, that Mr. Reagan appoint Judge Bork during the fall congressional recess. That would put Judge Bork on the court through the end of the next Senate session, normally the fall of 1988, delaying the confirmation process until then.

Confirmation hearings in the Senate Judiciary Committee have been scheduled for Sept. 15 by its Democratic chairman, Joseph R. Biden Jr., of Delaware. That would make it impossible for Judge Bork to be confirmed by Oct. 5, when the court term begins. Judge Bork's nomination is opposed by many liberal and civil rights groups.

OAU Asks Cut in Pretoria Air Links

ADDIS ABABA, Ethiopia (AP) — The Organization of African Unity on Wednesday urged member nations to cut air and shipping links with South Africa and to adopt other sanctions.

The call came in a declaration issued by the 50-member pan-African group on the last day of a three-day summit meeting dominated by discussions on South Africa, the continent's economic crisis, and the Chad-Libya territorial dispute.

The OAU's permanent call for sanctions against South Africa have had little effect, and Zambia and Zimbabwe last week backed off on a pledge to cut air links to South Africa.

For the Record

Floods in Bangladesh have killed five more people, bringing the death toll to 12 in six days of rain in northern Bangladesh, officials said Wednesday. The rail link between Dhaka and the flooded district of Rangpur was cut Tuesday when a railroad bridge was washed out. (AP)

Michael H. Armacost, the U.S. undersecretary of state for political affairs, arrived in Athens on Wednesday for two days of talks covering the future of American military bases in Greece, officials said. (Reuters)

TRAVEL UPDATE

Changes Sought in U.S. Air System

NEW YORK (NYT) — In a rare show of agreement, U.S. airlines, commercial airlines, private pilots and other users of the American civil aviation system have produced a plan to combat what they say are threats to the efficiency and safety of the nation's air operations.

Their two leading goals are more money to modernize air control and a national program to increase airport capacity. Six areas were chosen for redoubled efforts: the capacity of the air-traffic system; the capacity of the airports; modernization of the airspace-airport system; aviation weather reporting; collision avoidance and air-ground communications.

To ease the problem of congestion, the report urged immediate decisions to increase the controller force. It also called for large increases in the technician force that maintains air-traffic equipment.

Officials in Sondrio said one woman was killed and 23 persons were missing, 14 of them from the hamlet of Aquilone.

Michele Presbitero, who heads a team of geologists, said most of the missing in Aquilone were probably killed by the blast of air. One survivor said the powerful winds tossed vehicles into the air. The survivor remembered a "terrible roar."

He added that the front from the Sahara, which caused the 10-day eastern Mediterranean heat wave, "will return in even greater strength in August."

Lethal Blast of Air

Survivors of a landslide that buried two villages in northern Italy said Wednesday that they were thrown to the ground by a blast of air caused by the slide, Reuters reported from Sonogno, the main town in the valley of the Adda River where Tuesday's disaster occurred.

The weather center in Athens said night temperatures around Greece had dropped to an average 36.5 degrees centigrade (98 F). "A cold front from the north has suddenly brought very welcome cool breezes," a spokesman said.

He added that the front from the Sahara, which caused the 10-day eastern Mediterranean heat wave, "will return in even greater strength in August."

DOONESHURY

IF I'M ELECTED PRESIDENT, I PROMISE TO FALSELY DOCUMENT, SHRED EVIDENCE AND PRETEND PLAINLY, DE-DE-DEMOCRATIC!

THEN I'LL TAKE THE FIFTH, BUT WITH MUCH GREED AND SORORITY, I'LL BE DOING IT ALL FOR A HIGHER IDEAL!

AM I AN AMERICAN HERO? BUT THE TELEGRAMS ARE NICE TOUCH...

UNPREDICTABLE!

REAGAN'S UNPREDICTABILITY!

The comfort rating of an airliner isn't merely a function of how kind the seats are to your body.

Equally important to your comfort, is how uncrowded your mind feels.

It's hard to devote proper attention to a business report when you're jostling with the person beside you for control of the armrest. This is why, on TWA Ambassador Class, we do so much to separate you both.

TWA was born in the wide, uncrowded American West. And it shows. The TWA Business Lounger is the widest seat across the Atlantic.

With an extra-wide armrest to ensure your personal space. Nor have we neglected the other dimensions of comfort.

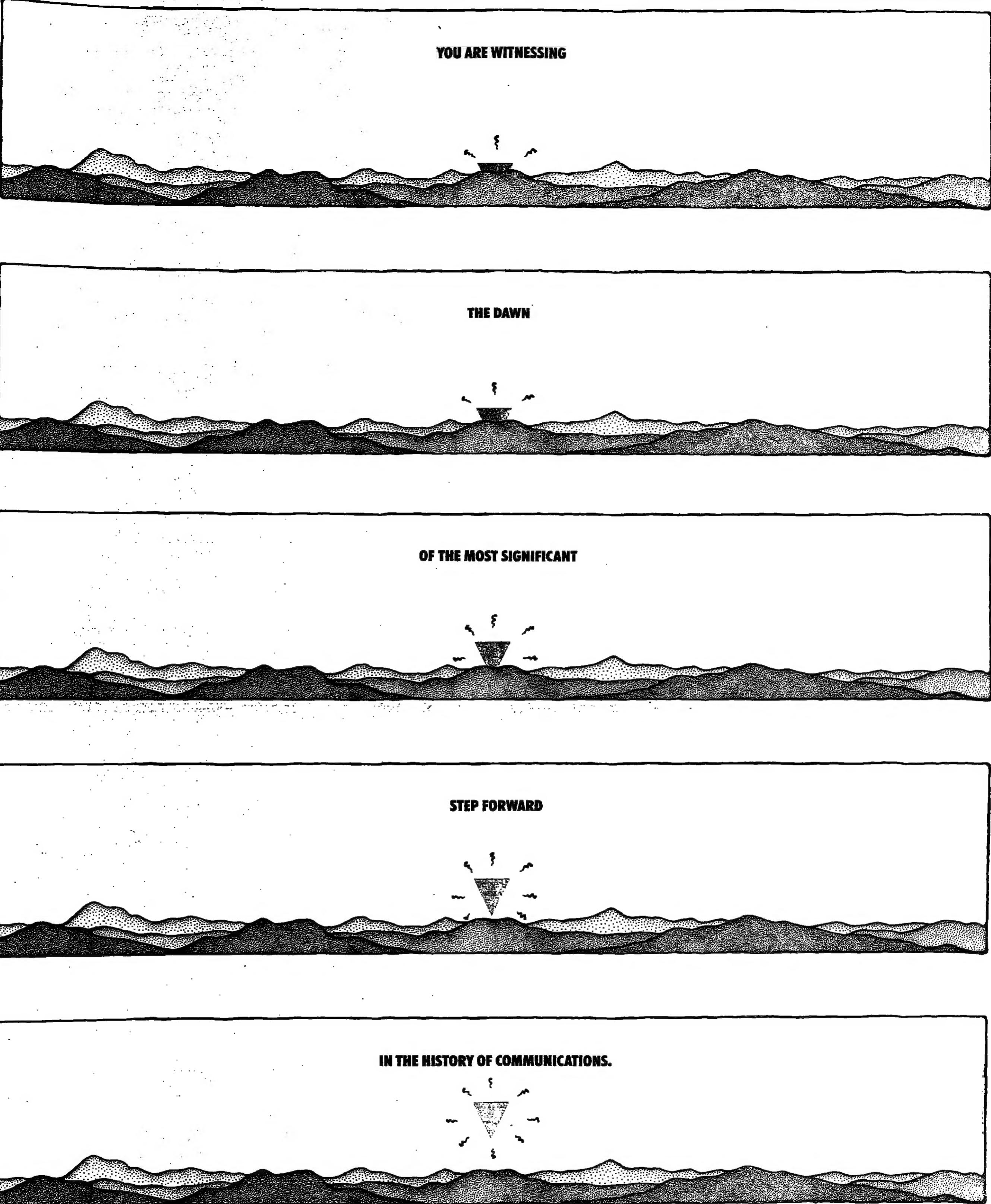
Our upholstery has been designed with your favorite armchair in mind. You'll find ample legroom between you and the seat in front.

You'll be welcomed aboard with champagne. If you fly with us frequently, you'll notice how regularly

we vary our menu, to keep your palate pleasantly surprised.

Your meals are attractively presented with china, glass and linen.

Another tremendously comforting aspect is TWA's exclusive Airport Express Service. This lets you reserve your seat (Smoking, Non Smoking, Aisle, Window) and obtain your boarding



YOU ARE WITNESSING

THE DAWN

OF THE MOST SIGNIFICANT

STEP FORWARD

IN THE HISTORY OF COMMUNICATIONS.

ALCATEL

On January 1st, Alcatel merged with ITT telecommunications manufacturing companies to become the world leader in business communications systems, digital public switching, cables, fibre optics, microwave and satellite transmission. And with massive resources throughout the world, we can guarantee to be pushing the 'state-of-the-art' through new boundaries well into the next century.

To emphasise our strengths, we'd just like to add a word.

Prudential-
Bache Securities

The international offices of Bache Securities have a new name – one which adds a new dimension to our strengths.

The name is Prudential-Bache Securities.

Though the name is new, we've been providing European investors with sound financial advice for over 50 years.

Our new name now helps private clients to appreciate the strength and breadth of our association with our US

parent, Prudential-Bache Securities Inc., itself part of The Prudential Insurance Company of America, the largest non-bank financial institution in the world. A company with assets of over \$134 billion.

With 100 equity research analysts covering more than 1,000 companies in the US, UK, the Far East, Canada and Australia, combined with our worldwide network of 330 offices in 19 countries,

Prudential-Bache Securities offers private clients access to unrivalled international investment expertise.

Sound investment strategies and the initiative to suggest new ways of making our clients' portfolios work harder are what our name stands for.

You can take our word for it.

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International Subsidiaries and Affiliates in: Amsterdam, Antwerp, Athens, Brussels, Buenos Aires, Chiasso, Cologne, Dusseldorf, Frankfurt, Geneva, Hamburg, Hong Kong, London, Lugano, Luxembourg, Madrid, Milan, Melbourne, Monte Carlo, Montevideo, Munich, New York, Paris, Rotterdam, San Juan, Singapore, St Croix, St Thomas, Stuttgart, Sydney, Tokyo, Toronto, Zurich.

Soviet Still Linking Stance on Strategic Weapons to SDI

United Press International

GENEVA — The Soviet Union presented new proposals to the United States on Wednesday on limiting space-based missile defense systems as a condition for any cuts in offensive long-range nuclear weapons.

Alexei A. Obukhov, the deputy leader of the Soviet arms negotiation team, said the proposals would prevent deployment of weapons on space by maintaining the 1972 Anti-Ballistic Missile treaty.

At the same time, the Soviet negotiator said he had initially "found no compromises" in modified U.S. proposals made Tuesday on the global elimination of intermediate nuclear forces, which include shorter- and medium-range missiles.

"I will have to study them more deeply with the American side in search of compromise," Mr. Obukhov said.

American officials said they hoped the U.S. proposals would lead to early completion of a treaty on intermediate nuclear forces that could be signed at a summit meeting, possibly before the end of this year.

Mr. Obukhov confirmed Wednesday that Moscow was still linked reduction of strategic long-range nuclear arms to strict limits on anti-missile systems, such as President Ronald Reagan's Strategic Defense Initiative.

"There is an objective tie between the issue of space weapons and strategic weapons," Mr. Obukhov said. "It is simply not possible to de-link them."

"Preventing an arms race in space would open the possibility for reductions in strategic offensive weapons," Mr. Obukhov said at the Soviet delegation building before a special plenary meeting with U.S. negotiators.

American officials said the Soviet position was basically unchanged since the Geneva talks on strategic long-range nuclear weapons, intermediate missiles and space-defense systems began on March 12, 1985.

Moscow always has insisted that U.S. proposals for a 50 percent cut in strategic nuclear arsenals could be considered only along with agreement on limiting research on

space-based anti-missile systems to the laboratory.

On Tuesday, the United States met several Soviet demands on shorter- and medium-range ground-launched nuclear missiles.

Washington agreed that there be no conversion of scrapped missiles to other types of weapons for example, moving land-based cruise missiles to ships or converting Pershing-2 medium-range missiles into shorter-range Pershing 1-B rockets.

The United States also modified its earlier proposal that the Soviets dismantle and destroy their intermediate missiles first until American levels are reached.

There were also changes in U.S. verification requirements that Moscow complained had been too far-reaching and complicated.

But the two sides remained at loggerheads over the 72 old Pershing-1A shorter-range missiles deployed by West Germany and for which the United States controls the nuclear warheads.

SDI Timing Questioned

Michael R. Gordon of The New York Times reported from Washington

A team of high-level advisers to the Defense Department has raised serious questions about the Pentagon's plan to speed up President Reagan's program to develop a space-based defense against attacking missiles by the mid-1990s.

In a draft report, the advisers also strongly support continued work on the anti-missile program, concluding that much good work has been done.

The draft, prepared last month, asserts that the Pentagon lacks enough information to assess confidently how effective such a system would be, what it would cost or when it could be deployed.

Defense Secretary Caspar W. Weinberger has said that it might be possible to start deploying defenses against missile attack earlier than expected because important progress has been made. But the draft report emphasizes that it is premature to assess the feasibility of an initial, partial defense under the SDI plan.

The report takes note of "pieces of missing technology" that it says would be used in the first phase of a space-based defense.

GULF: U.S. Sends Copters

(Continued from Page 1)

turned down U.S. requests for the use of bases for the helicopters.

Minesweeping helicopters tow a device known as a magnetic-influence hydrofoil vehicle through the water to detect mines.

New Minesweepers

Earlier John H. Cushman Jr. of The New York Times reported:

The U.S. Navy has fallen years behind schedule and is hundreds of millions of dollars above budget as it struggles to rebuild its obsolete fleet of minesweepers, officials say.

Because of a two-year delay in a program to build ocean-going minesweepers, the first of the new vessels is still undergoing sea trials. Five of the 14 ships in the new Avenger class were to have been delivered by now as part of the \$1.5 billion program. Instead, the first is to be commissioned in September.

Last year, the navy canceled a program to build 17 coastal mine hunters, and it is now arranging to buy ships designed in Italy instead.

Government officials have said that because the navy has only three very old minesweepers in active service, it is unlikely to use them to clear Gulf shipping lanes.

Minesweepers operate at speeds of only about 5 knots, and cut a relatively narrow swath of safety through mined waters, so they are not often used to lead convoys. Instead, they troll through waters where mines might be a danger and mark safe channels.

Five merchant vessels have struck mines in Gulf waters since May 17.

*BUCHWALD
IN THE EVENING, TUESDAY AND THURSDAY
INCOMPARABLE EASTERN HUMOROUS
FOR MOST HUMOROUS*

FLEET: France Sends a Carrier Battle Group to Sea

(Continued from Page 1)

links with the bombings last year in Paris that killed 13 persons.

The French Interior Ministry ordered police to ring the embassy, bringing a reciprocal move against the French Embassy in Tehran. Iranian officials then alleged that a senior French diplomat had advised Mr. Gordji to lie low. This has never been confirmed.

French sources said that Foreign Minister Jean-Bernard Raimondi had the attempt to arrest Mr. Gordji, inspired by Interior Minister Charles Pasqua and his deputy, Robert Faurand, could be out of proportion to his importance and had endangered the lives of

French sailors.

Before the diplomatic break, France said that Iranian Navy launches had machine-gunned a French container ship on July 13.

The cargo ship, the Ville d'Anvers, was later escorted to safety by a French naval vessel.

—JULIAN NUNDY

and the Tamil guerrillas within 48 hours of Wednesday's signing.

It says the rebels must surrender their arms within 72 hours of the cease-fire. This will be supervised by Indian and Sri Lankan Red Cross officials.

Asked why he had not accepted the accord at the start of the Tamil revolt, Mr. Jayawardene replied slowly and deliberately: "Because of my own lack of intelligence."

(AP, Reuters)

Some Rebels Back Pact

All Sri Lanka Tamil groups except the most powerful welcomed the agreement, Agence France-Presse reported Wednesday from New Delhi. Missing was the Liberation Tigers of Tamil Eelam, which is studying the accord.

Analysts say that without full backing from the main group, the peace accord would have little chance of ending the fighting.

The agreement includes a provision for India to send a peacekeeping force to the island.

Mr. Jayawardene blamed himself for not accepting such an accord before the start of the conflict, which has cost the lives of 6,000 people.

The accord provides for a cease-fire between government troops

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(AP, Reuters)

Malaysian Leader Ends Visit

Reuters

BUDAPEST — Prime Minister Mahathir bin Mohamed of Malaysia ended a four-day visit to Hungary on Wednesday, after the two countries pledged to enhance cooperation, the official Hungarian news agency MTI said. Mr. Mahathir will travel to the Soviet Union before returning home on Aug. 5.

At the news conference, Mr. Jayawardene said he would submit legislation to implement the accord, and would dissolve Parliament and call elections if the members, mostly Tamils, rejected it.

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Hostages
Leave Say

SCIENCE

Improving Forecasting by The Numbers

By Barry James

International Herald Tribune
LEWIS FRY RICHARDSON, a British physicist who died in 1953, had a couple of ideas that were considered outlandish in his time. He thought it was possible to use mathematics both to predict war and to forecast the weather.

Richardson, a Quaker, worked out his weather plan during rest periods from his job as an ambulance driver in World War I. It hardly seemed promising. He took three months to work out a six-hour forecast, and thought it would need 64,000 people calculating simultaneously in a "central forecast factory" to predict the world's weather a few hours ahead.

What Richardson needed, of course, was a computer.

Mathematics probably never will succeed in preventing war, but Richardson's weather equations linked to powerful computers are now helping scientists to forecast the weather with a high degree of accuracy up to 10 days ahead.

In his book "Weather Prediction by Numerical Process," published in 1922, Richardson fantasized about his forecast factory as a huge amphitheater where thousands of workers equipped with slide rules and calculating machines would "race the weather," while armies of messengers carried used computing forms to a storehouse in the cellar. Forecasts would be sent to a "quiet room" to be encoded and sent around the world by radio.

The closest approximation to Richardson's forecast factory is a glass-walled building near Reading in southern England, the European Center for Medium Range Weather Forecasts — probably the best of its kind in the world.

The center uses the world's fastest commercially available computer, the Cray X-MP/48, to churn out the data on which more than 400 million Europeans — from sweltering Athens to shivering Helsinki — depend for their weather forecasts.

The Cray, the estimated equivalent of 30,000 IBM PCs working simultaneously, easily outperforms Richardson's imaginary 64,000 human calculators. The entire population of the globe, calculating simultaneously, could not keep up for long with the machine's maximum processing speed of up to 300 million operations a second. While the forecast is running each night, there are typically four of the center's 134 staff members on operational duty.

Such is the magnitude of the mathematical problems involved, it takes the computer, helped by a battery of smaller processors, about two and a half hours to produce a forecast for the next 10 days, and up to eight hours to make an error-prone guess at the weather 30 days ahead, which is useful for research into the predictability of the atmosphere.

This is one field in which brute computing force wins. Thanks largely to its greater computer capacity, the center is able to make a six-day forecast for the whole globe that is as accurate as the five-day forecast put out by the U.S. Weather Service. Already, scientists at the center are eyeing the next generation of super computers, which they hope will make the 10-day forecasts of the future as accurate as the six-day forecasts of today and extend the accuracy of longer range predictions.

The center stems from a 1967 European Community resolution to promote a common program for scientific and technical research. The problem of improving weather forecasting was immediately identified as one area where benefit would far outweigh the cost, which this year comes to about \$16 million.

In Britain, the Meteorological Office estimates the value of accurate weather forecasting to the nation's economy at nearly 2500 million (about \$500 million). The Italian government credits information from the center with having helped it predict record rainfall in January last year, and the heaviest snowfall in Rome since 1740. Such advance warning can be invaluable in alerting emergency services and preparing defenses.

Given the traditional obsession of the British with the weather, it seemed logical to put the center in England.

The center was formally established in 1975 and opened its doors in 1979. Since its inception, several countries outside the community have joined the project. The member states are West Germany, France, Britain and Italy, which pay the lion's share of the cost, together with Belgium, Denmark, Spain, Greece, Ireland, the Netherlands, Portugal, Austria, Finland, Sweden, Switzerland, Turkey and Yugoslavia. A special cooperation agreement has been signed with Iceland.

"It is a wonderful example of Europe getting its act together,"



Improved forecasting is invaluable in alerting people to floods so that losses can be reduced.



Burying the dead in Greek heat wave.

Dr. J. Austin Woods, scientific officer at the center, said in a telephone interview, "When you can draw on the scientific and technical talents of 420 million people, it's not surprising you end up with the best in the world."

The pooling of resources enables the 17 countries to do more than any one country could do alone. At the heart of the system is one of the

most complex computer models ever designed, a simulation of the earth and its atmosphere with the added dimension of time. Every day, more than 80 million bits of computer information gathered from thousands of ships, aircraft, satellites, balloons, buoys and ground stations are fed into the model for verification, analysis and extrapolation into forecasts.

In the early days, computer models contained only one level of atmosphere in one part of the world.

The European Center's model can handle 19 levels of atmosphere from 30 meters (98.4 feet) to 30 kilometers (18.6 miles) around the world.

Today's seven-day forecasts for the mid-latitude of the northern hemisphere are as accurate as two-

to three-day forecasts in 1971. The center's forecasts for the southern hemisphere are typically accurate up to five days ahead and for the tropics up to three days.

The center sends streams of computer-encoded data to meteorological offices in the member countries, where it is incorporated with regional data to provide broadcast forecasts, shipping advisories, air navigation guidance and meteorological bulletins for defense purposes.

In addition, a less complete general advisory is made available to almost every meteorological service in the world in exchange for data.

With every weather event dependent on conditions somewhere else, forecasting is truly a case of "what's mine today is yours tomorrow," Dr. Woods said. The center exchanges information with about 158 nations as part of the World Meteorological Organization's World Weather Watch Program, a perhaps unparalleled example of international cooperation across ideological boundaries.

Even at the height of the Falklands War, both Britain and Argentina contributed to and benefited from the Weather Watch network.

But today, neither Iran nor Iraq are contributing, in what is the most serious gap in the global reporting system.

Satellites provide observational data that was previously difficult or impossible to obtain, but they cannot do the forecaster's job. It has

IN BRIEF

Biological Cooperation in Space

NEW YORK (NYT) When a Soviet biological satellite is launched in mid-September, carrying 10 laboratory rats and two monkeys, American radiation-detection sensors will be on board and American scientists on the ground will study the effects of zero gravity and space radiation on animals.

The flight will be the sixth since 1975 in which the Soviet Union has permitted American scientists to cooperate in medical studies to help predict human reaction to long space flights. Many of the investigations planned by American participants are designed to complement data obtained on a seven-day space shuttle mission in April 1985 that involved experiments with rats and monkeys in weightlessness.

Finding Natural Pest Killers in Dirt

WASHINGTON (WP) With the help of dirt brought by friends vacationing in the Himalaya, Iceland and Europe, scientists at the U.S. Agriculture Department have found 72 new varieties of an important soil bacterium used to kill pests naturally, without harming the environment.

Farmers spend more than \$40 million each year on bacillus thuringiensis (B.t.), which can be as effective at killing cabbage loopers and worms as some of the best chemicals. The new varieties of B.t. appear to be more powerful than any used in the past.

"Previously, scientists thought that to get the bacterium you had to find a dead insect," said Russell S. Travers of the department's Agricultural Research Service. "We had just assumed it was an insect disease." But the department has found that B.t. is actually a normal component of many soils.

Dinosaur Nest May Be World's Oldest

WASHINGTON (WP) Geologists have identified what appears to be the oldest known dinosaur nest site in the world, near Grand Junction, Colorado. The fossilized fragments, discovered in 1986 but only now identified, date back 145 million years, making them the first discovered from the Jurassic Period.

Sifting carefully through the ancient and weathered nest matrix, paleontologists from the University of Colorado and the Dinosaur Valley Museum are recovering thousands of eggshell fragments.

Using a scanning electron microscope to examine them, paleontologist Karl Hirsch has detected small worm burrows on many of the shells. Worms eating into the eggs may have killed fetal dinosaurs. Hirsch hopes that fossilized embryos, which can tell scientists more about the dinosauro, will be found.

Flu Slows Drivers' Reaction Time

NEW YORK (NYT) Influenza impairs a driver's reaction time even more than does a "moderate" dose of alcohol, according to a group of British researchers.

The Medical Research Council of Salisbury, England, reports in the British Journal of Psychology that the reaction times of volunteers suffering from flu fell an average of 57 percent from their reaction times while healthy. Moderate doses of alcohol, the report said, rarely result in reaction-time impairment of more than 10 percent.

The same was not true of victims of common colds, whose reaction times were nearly normal.

LANVIN
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Mystery Virus: Is It for Real?

By Philip M. Booffey
New York Times Service

WASHINGTON — Medical experts are struggling with only limited success, to understand a mysterious illness that leaves its victims exhausted for months or years at a time.

The ailment, known as chronic Epstein-Barr virus infection, chronic mononucleosis or chronic fatigue syndrome, has stirred rising concern in public and medical circles over the last two years.

But whether patients have fallen into the grip of a new scourge or have merely succumbed to the latest health hysteria is confounding many medical researchers. And the more experts study patients who have the fatiguing ailment, the less important a culprit the Epstein-Barr virus seems.

The illness has caused one highly publicized but sharply disputed "epidemic" at a resort community at Lake Tahoe, Nevada, from 1984 to 1986. It may have caused an outbreak of 100 cases in the small Nevada town of Yerington from late 1985 to early 1986, according to Dr. Anthony L. Komaroff, director of general medicine at the Brigham and Women's Hospital in Boston.

"Whatever it is, it seems to be growing in frequency," said Dr. Komaroff, whose group has studied more than 500 patients suffering from the syndrome. "Literally every time I say to a friend that I'm studying this illness, and then describe it, they say 'Oh, my God. My niece has it, or my next-door neighbor, or my boss.'"

Although the syndrome has apparently never been fatal, it can unquestionably be devastating to many of those affected. Virtually all suffer persistent fatigue, in some cases so overwhelming that it curtails work, restricts social life or even becomes totally disabling. Most victims also experience low-grade fever, muscle pains, depression, headaches, recurrent sore throats, swollen lymph glands and allergies. And many victims are unable to think clearly or to concentrate. Some have likened their condition to feeling like a Raggedy Ann doll with the stuffing knocked out or to an endless bout of flu with the added mental confusion of Alzheimer's disease.

But whether chronic fatigue itself is reaching epidemic proportions or is simply receiving an episode of attention remains uncertain.

The syndrome may have gained undue notoriety for a number of reasons: scientific speculation, now discounted, that the Epstein-Barr virus might be causing much of the illness; aggressive marketing of Ep-

stein-Barr laboratory tests that are probably incapable of identifying most victims of the illness; vigorous campaigning by Epstein-Barr patient groups, and far-reaching television and magazine coverage in the wake of the Lake Tahoe "epidemic."

Some experts suspect that "chronic Epstein-Barr virus syndrome" has become the latest fad diagnosis, replacing iron-poor blood, low blood sugar and thyroid problems as a catch-all explanation for symptoms that cannot otherwise be explained.

"I don't think it's clear that there's an epidemic of this," said Dr. George Miller, a professor of pediatric infectious diseases, epidemiology and molecular biochemistry at the Yale University medical school. "I would say there might be an epidemic of diagnosis."

Dr. Gary Holmes, an epidemiologist at the U.S. Centers for Disease Control who studied the Lake Tahoe outbreak, said, "A lot more is being made of this by the lay press than it probably deserves," adding, "The problem is that almost every person in the United States has symptoms that are compatible with symptoms of the syndrome."

At this point, in most cases of chronic fatigue syndrome, there is no identifiable cause, cure or preventive. Nor is there even an agreed-upon definition. But there is a growing opinion that the syndrome will turn out to include a wide range of illnesses, with causes and treatments differing from patient to patient.

The evidence suggests that some victims of the syndrome have a real organic illness but that it was probably premature for doctors and patients to latch onto the Epstein-Barr virus as the likely cause in most cases of the syndrome, except for perhaps a subgroup of severely ill patients.

Depending on the illness, experts speculate, the cause might be another virus or multiple viruses, other infectious agents, defects in the body's response to an infection, toxic agents, stress or other psychological causes, or perhaps a combination of physical and psychological factors interacting with one another.

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To unravel some of the mysteries, Congress has ordered the



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THURSDAY, JULY 30, 1987

INTERNATIONAL Herald Tribune

The Return of M'Bow?

Amadou Mahat M'Bow offered last fall to make a full rich contribution to relieve the crisis that had developed at UNESCO during his dozen years as the director general of the world educational and cultural agency. He declared that he would step down if UNESCO has been so badly plagued by bad management and by politicization extreme even by United Nations standards — developments that drove the United States, among others, out of the organization. Some part of this is his personal legacy.

How depressing, then, to hear the latest from the World Press Freedom Committee, the private American group that has coordinated the battle against efforts in UNESCO to put a Soviet-Third World stamp on the international media. Mr. M'Bow, it seems, is still trying to hang on. He reportedly offered to back Uruguay's foreign minister, Enrique Iglesias, one of the most respected candidates for the UNESCO position, for later elections if Mr. Iglesias would support his re-election "for two more years." The flavor of Mr. M'Bow's style is fairly suggested by his reported comment that Uruguay has a problem with Arabs and Africans due to its diplomatic ties with Israel and South Africa, but that he could deliver

— THE WASHINGTON POST.

Oft-Promised Land

Promising land reform in the Philippines is the easy part; politicians have been doing it for decades. If President Corazon Aquino wants the world truly to take notice, she will have to do more than ask a newly elected Congress to take the hard decisions. She is giving Congress 90 days to put into effect a very general decree on breaking up baronial estates. If nothing happens, she says her will name a panel to do the job — a delaying scheme reminiscent of her wily predecessor, Ferdinand Marcos.

There is something to Mrs. Aquino's argument that so important a measure should be voted by Congress. That is why she did not impose land reforms under direct rule powers that she wielded for 17 months. She insists that her own family's 15,000-acre (6,000-hectare) estate will be redistributed under a program giving owners fair compensation. Payments will be from a \$2.5 billion fund deriving from properties once owned by Mr. Marcos and his cronies.

— THE NEW YORK TIMES.

The People Are Fed Up

Is General Manuel Antonio Noriega losing his grip? The Panamanian强人, unable to intimidate his resolute, democracy-seeking countrymen, has put on a new display of muscle. He sent out an armed party, guns blazing, to seize Colonel Roberto Diaz Herrera in his home; this is the maverick officer, his erstwhile number two, whose allegations of crime and corruption against General Noriega precipitated the crisis the country is now passing through. General Noriega also occupied La Prensa and other independent publications. By these acts he evidently means to isolate the population from sources of opposition to him. He is acting like his friend President Daniel Ortega of Nicaragua, who, seeing an opening for a little exercise in anti-U.S. expediency, paid a sympathy call.

For years it was the accepted wisdom that Panama was a place where people preferred stability and political theater to the rewards and rigors of democratic government. The revelations of Colonel Diaz, however, seem to have uncorked a heretofore untrapped well of democratic sentiment. Mass protests have gone on in the streets for weeks. An immensely successful general strike has just been concluded. In-

— THE WASHINGTON POST.

Other Comment

An Impossible Job in the Gulf

It is desirable both that the war should end and that the shipping lanes should be clear. But if a cease-fire is not accepted without further United Nations pressure, and there is no likelihood that it will be, then the means of keeping open the shipping lanes should offer the least risk of involving the United States in a confrontation with Iran. This last proposal is not, of course, acceptable in Tehran, which is itching to see American prestige suffer a little more damage; but it does not seem to be fully accepted in Washington, either.

Since 1980, British warships have been almost invisibly accompanying merchant ships as far as Bahrain. The United States, preferring more demonstrative methods, has taken on a huge and public commitment to "escort" vessels which by its nature involves a probability of disaster amounting almost to certainty. No navy can guarantee what the U.S. Navy has set out to guarantee: namely that no Kuwaiti ship under its protection shall come to harm.

Mines are clearly a hazard the United States had not reckoned with; but put them to one side. Is it likely that U.S. warships and their charges can escape unscathed during repeated and publicized passages through the Strait of Hormuz and up and down the Gulf for as long as it takes to end the war? Clearly it is very unlikely, and could lead to a brush with Iran of incalculable consequences.

— The Guardian (London).

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OPINION

Japan Is Heading Toward a Dangerous Depression

By Kenichi Ohmae

TOKYO — Many economists say that the United States today is in a situation alarmingly similar to that of 1929. But Japan, far more than America, is close to plunging into a depression that, with double-digit unemployment, could severely strain a society that counts lifetime employment as a virtual right of citizenship.

Real estate prices provide one of the more obvious signs of Japan's rising social pressures. By the time a young couple here is ready to settle down, a home is probably beyond their reach. Real estate prices in Tokyo have risen an average of 300 percent in the last two and a half years. As a result we are creating a new proletariat — people with little hope that they will possess any property in their lifetime.

We are also creating many millionaires. Until recently Japan was 90 percent middle class. It was a happy, growth-oriented nation. Today there is a growing polarization between those who invested in their education and now rent small apartments and those who own and speculate with property.

Thanks to the year-dollar exchange rate, Japan has the highest per capita GNP in the world (\$18,000), yet living standards for most Japanese have im-

proved little. To enjoy the same standard of living as an American couple, a Japanese couple would have to spend an average of 35 percent more twice as much to maintain cars and 50 percent more on utilities and food.

And the brilliance of Japan's economic progress could fade as quickly as it appeared. Foreigners think all Japanese industries are competitive, but this is far from true. We are about to face widespread unemployment. Add up all the employees in Japanese industries that are strong worldwide — automobiles, machinery, electronics, steel — and you have only 7 percent of the work force. The rest work in less competitive and sometimes protected industries.

The unemployment rate in manufacturing of about 3 percent will climb by two percentage points as a result of increased imports, assuming that the current exchange rate continues. Reduced exports will likely add another 2.5 percentage points to the unemployment rate, raising the overall rate in the manufacturing sector to 7.5 percent. If Japan were to reduce rice and other agricultural trade barriers, un-

renew investment and replace the lost jobs? It could build a service industry comparable to America's and move into high-tech sectors. But these are no panaceas, as Americans have learned in recent years. We must try something else, however, because the vision and determination that guided Japanese investments during the last three decades is gone.

The stimulative measures proposed by Prime Minister Yasuhiro Nakasone will not be enough. The \$35 billion he promised he would spend to stimulate consumption may look promising but keep in mind that as much as 80 percent of it will disappear to real estate. Most government investments in infrastructure begin with land purchases. Sellers of land will take the

money to the stock exchange and further inflate share prices. Or the money will cycle back to the foreign exchange markets. Today, of the \$1.6 billion generated daily, as much as \$750 million goes to the foreign exchange market or similar speculative areas.

That is Japan's Catch-22. Plenty of money — but nowhere to invest it except in more money. Companies have so much money that they are building foreign exchange trading floors instead of adding production lines reasoning that it is better to make money with money than to make profits with products that came realization and replacement abroad.

The situation is not hopeless. We have fundamental lessons to learn from America. First, we must deregulate. Thousands of intrusively regulated strangle our consumers. The Ministry of Transportation, perhaps the champion regulator, has more than 2,000 regulations, including ones such as a mandatory \$600 minimum wage every two years. In America, if you want to move yourself you simply rent a U-Haul truck or trailer. In Japan you have to get a license to use a trailer.

Along with the high cost of housing, regulations are the primary reason why we are rich only on paper. One of our first steps toward improving our standard of living is to remove them. But it takes many years to take power away from government.

Like America, Japan is making the fundamental mistake of liberalizing its markets in a piecemeal fashion. Coming up on closed markets and opening them a few at a time kills the wrong industries for the wrong reasons.

For example, if the Japanese foreign market were opened, local companies would be destroyed by imports from Denmark and elsewhere. Our business would be handicapped by the high cost of regulated domestic wheat. If we liberalized wheat markets we could keep the biscuit bakers working. They are, in fact, efficient and competitive manufacturers. By opening markets to competition while protecting raw-material producers, we destroy the wrong people. Japan has done this too often in response to the complaints of foreign exporters.

Unfortunately, all this takes time and time is growing exceedingly short. In fact, Japan may be facing a vicious cycle. Our continuing trade imbalances will result in a stronger yen which will lead to higher unemployment. The corresponding shortfall of tax revenue will restrict government spending, causing a contraction of domestic demand. That will force our companies once again to resort to export markets. Their efforts to exploit foreign markets will result either to the closing of those markets or to larger trade imbalances and an even stronger yen. Within this spiral, speculation in foreign exchange will live a life of its own divorced from the economy, until it leads to an economic breakdown.

The writer is managing director of the Tokyo office of McKinsey & Company, management consultants. He contributed this comment to The New York Times.

Who Says Economic Progress Has to Continue?

By Lester Thurow

This is the second of two articles.

CAMBRIDGE, Massachusetts — Once simultaneous recessions have begun in Japan, West Germany and the United States, and have started to interact, how would one stop them?

In America, one of the classic remedies is available. Monetary policies and interest rates must be used to defend the dollar and restrain import inflation. Taxes must be raised, not cut, and expenditures reduced, not increased, to prevent the crowding out of the private investment upon which the future success of the U.S. economy depends. The next recession is likely to be a lengthy one. The insinuations and policies needed to make it a short recession either are not in place or do not exist.

The recovery from the 1981-82 recession was the last gasp of the old system. Because the United States was large, because the dollar was the world's reserve currency and America had accumulated a cushion of \$152 billion in net foreign assets at the end of 1982, it could and did play economic "locomotive" for the world in 1983 and 1984.

It could expand and simply tolerate a balance-of-trade deficit for three or four years before its currency started to fall, before it was faced with the situation that smaller, less wealthy countries face almost instantly. But the net foreign assets that provided flexibility have now been expended. No longer the world's largest net creditor nation, as it was in 1982, the United States is instead the world's largest net debtor nation, with debts of about \$340 billion in mid-1987.

The standard economist's prescription for the current economic situation does not meet the world's political realities. In the prescribed scenario, the U.S. locomotive would be replaced by a hybrid vehicle made up of the three biggest economies — West Germany, Japan and America. By carefully coordinating their monetary and fiscal policies, these three could do for the world economy what America itself had done for 40 years. Together they are just as large relative to the world's gross national product as the United States used to be. If they agreed on a set of economic policies, the rest of the world would have little choice but to follow along.

Meanwhile, the Panamanian people are showing a readiness to keep the pressure on. Fortunately, the U.S. government, having long cultivated the military in order to serve a strategic interest in the Panama Canal, is now unequivocally identified with the forces of democracy. So much is this now the case that General Noriega is able to evoke a specter of U.S. "intervention" in order to rally nationalist sentiment for his personal benefit. In fact, what is happening is that Washington is stepping back and exposing him to the anger and impatience of his own people.

Once the Arab conquest in the 7th century was one of the astounding events of history. In 70 years a poor, nomadic people conquered an area extending from the Indian Ocean to the Atlantic, overthrowing the Persian empire, conquering Spain, finally to be stopped in southwestern France.

Responsible for this was a religious conversion of the Arabs which, as the historian Henri Pirenne writes, "had a formidable simplicity: it was to obey Allah and compel the infidels to obey Him. The Holy War became a moral obligation and its own reward."

It would be extravagant to compare what has happened in Iran since 1979 with the original conversion of the Arabs by Mohammad, but it is a worse mistake to fail to see that the problem of Iran has a dimension which is just as large relative to the world's gross national product as the United States used to be. If they agreed on a set of economic policies, the rest of the world would have little choice but to follow along.

Modern human beings like to think that progress is inevitable and that prolonged stagnation or decline is simply impossible. But human history has had many more years of stagnation than of growth.

Once, as an educational joke when I was a student at Oxford, a don set me the task of writing an essay on an "optimal" rate of economic decline that would lead to cessation of economic growth. I argued in the

essay that if the declines were too rapid, it would set in motion economic and political forces that would lead to an economic rebound, such as a business rebound when the slowdown had to be very gradual with substantial ups and downs to hide the fact that the downs were bigger than the ups.

Thinking back on it now, my optimal rate looked very much like the slowdown that has occurred in the world economy in the last 17 years.

It is subtle: One step into stagnation by not noticing that one has slipped into stagnation. In Europe for 17 straight years, the unemployment rate at year's end has been higher than it was at the start of the year. In the United States, the hourly wage rate after correcting for inflation is no higher than it was in 1970. In the Third World, per capita GNP is 10 percent below their peaks of a decade ago.

To reduce its demands on world capital markets, the United States would have to raise taxes. Americans don't want to raise taxes.

To help pull the world economy, Japan would have to restructure its economy to emphasize domestic consumption rather than exports. The Japanese don't want to restructure their economy.

To do their part, the West Germans would have to take a chance on generating inflation. Given the history of the 1920s, they don't want to take it.

The result: economic summit meetings like the Venice conference where heads of state spend little time talking about economics, agree on nothing, pay lip service to coordination, then go home and do none of the things coordination requires.

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same period, like the Stakists and the Mormons, even though pacifist or quietist, rested on "dreams of mystical communism" like those which inspired earlier messianic Protestant movements in Europe such as the Anabaptists, promising "a world of love and justice, in conformity with the Divine Will."

The Anabaptists, though held captive in Iran, demanded the massacre of the "unrighteous," which brings us back to Iran and the terrorist bombings, hijackings and kidnappings of "unrighteous" that have been going on ever since the revolution.

To say that everything has a history, and that social and religious movements resemble one another over the centuries, is of course a little like saying that in the long run we're all dead. The policy maker may feel it less than useful to be told that there is nothing new under the sun. Yet the professional deformation of the policy maker is to act as if every problem were new, and to assume that each problem exists to be solved — too often to no better purpose than to provide domestic political support.

The Soviets have insisted that they are not providing funds, arms or guerrilla warfare expertise to the NPA. Even the government does not need Soviet arms. It can buy or capture arms locally. What it needs for war is money and credibility. These the Soviets can provide. The movement also requires large sums to sustain political cadres and to support "mass actions."

The Soviets are testing the waters, but there is little evidence that they have done more. American intelligence sources say the NPA does not need Soviet arms. It can buy or capture arms locally. What it needs for war is money and credibility. These the Soviets can provide. The movement also requires large sums to sustain political cadres and to support "mass actions."

The writer is a senior associate at the Carnegie Endowment for International Peace. He contributed this comment to The Washington Post.

Philippines: What's Moscow Up To?

By Richard J. Kessler

WASHINGTON — Clearly, the Soviets are up to something in the Philippines. The question is what.

"I have no doubt in my mind," Admiral James Lyons, the U.S. Pacific Fleet commander, said in April, "that the Soviet Union is aiding the rebels."

Mr. Marcos dangled the threat of a larger Soviet presence before the Americans whenever he wanted Washington's attention. Reports of Soviet military aid, similar to the curtain crop, surfaced periodically.

But in the late 1960s and early 1970s the real threat was Chinese. The Communist Party of the Philippines, established in 1968, was avidly Maoist and anti-Soviet.

Evidently, they indicated Chinese support for the rebels, including shipments of arms and later, financial support. In 1975, however, Mr. Marcos established diplomatic relations with China and, as a condition, China aided him to the NPA.

Communist leaders' attitudes toward Moscow began to change in the 1980s. The Christian Science Monitor quoted one guerrilla in 1983 as saying that they would accept Soviet weapons "if there were no strings attached." But the paper reported in 1983 that a recent Soviet offer of "substantial military aid" had been rejected because of logistical problems and the Communists' fears that the United States would draw directly into the conflict.

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IN OUR PAGES,

OPINION

Tips to the Next President For Picking an Entourage

By James Reston

WASHINGTON — The congressional committees investigating the Iran-contra affair are collecting some useful tips for the next president of the United States. Among them are these:

- Good friends usually make bad attorneys general.
- Clip the wings of the National Security Council. Ditto the CIA.
- Beware of former campaign managers, and reorganize your cabinet to serve as your principal source of advice.
- Cut off all air conditioning in Washington during July and August and give everybody a much-needed rest.

In his testimony before the committee, Ed Meese has done nothing to challenge the rule that good friends make bad attorneys general. All his political life, in Sacramento as well as in Washington, his main loyalty has been to Ronald Reagan rather than to the law. Nothing in his legal training justified his appointment as the principal law officer of the land, and his testimony this week dramatized the point. He was concerned primarily not with the control of Oliver North or John Poindexter but with damage control.

His testimony was not only unpersuasive but times ungrammatical, and he had a convenient memory.

Some presidents have had good friends who also presided over the Department of Justice with distinction. President Eisenhower's Attorney General Herbert Brownell, for example, and President Carter's Griffin Bell.

Mr. Bell, however, remarked this week that President Reagan's mistake was in moving Mr. Meese from the White House, where he was dealing primarily with political questions, into the Justice Department, where he kept thinking.

North Pleased Many

MUCH has been made of Oliver North's ability as an actor. But I was stunned at what I kept hearing in certain homes about Colonel North and his wife and their children — how refreshing it was for viewer after viewer to see (so they told me) a two-parent family, "a solid and normal one," as one mother said, commenting not only on the colonel but on his wife — her appearance, choice of clothes, manner of response to her husband. Someone still lives the old-fashioned virtuous life — fights in a war bravely, comes home with medals, or Frank Carucci at the NSC. But Mr. Meese at Justice is still a priest.

The New York Times

When President Gerald Ford interviewed Edward H. Levy of the University of Chicago for the post of attorney general, he asked him what the Department of Justice needed most. "It needs a soul," Mr. Levy replied. He got the job and ran the department very well.

— Robert Coles in the Los Angeles Times

ing in political rather than in legal terms.

Winning presidents not unnaturally want to reward the men who have run their campaigns, but this has not always been a good idea. Richard Nixon, for example, chose his law partner and campaign manager, John Mitchell, as attorney general, and drowned at Watergate.

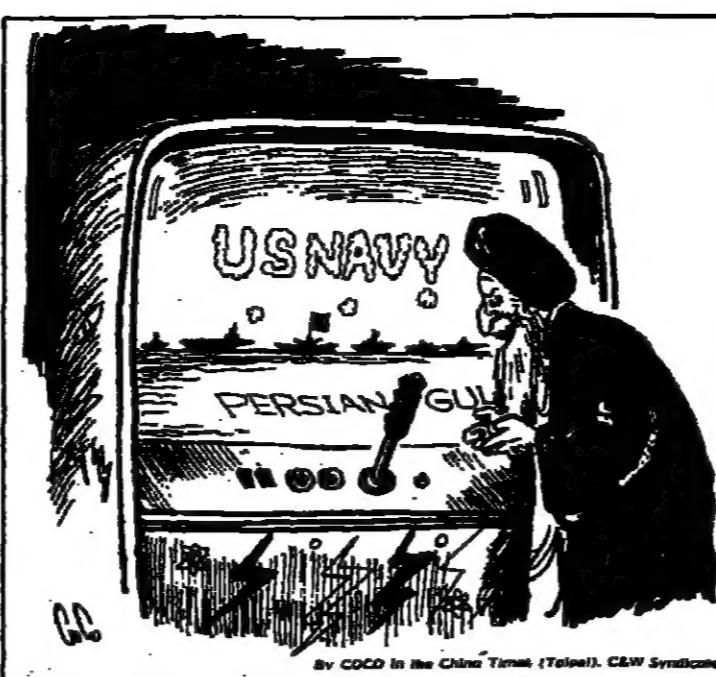
Bill Casey ran Ronald Reagan's successful campaign, and wanted to be secretary of state. Mr. Reagan turned him down but said he could have any other job he wanted. Fortunately the late Mr. Casey did not choose Justice but took the CIA. He sometimes operated there only half in jest, would turn to the secretary and offer, "I'll give you mine."

A typical evening might begin with one man introducing himself as a 48-year-old autoworker with two children, 23 and 26, still living at home. The 42-year-old secretary next to him would then talk about her son who had to leave the state to find work. The autoworker, only half in jest, would turn to the secretary and offer, "I'll give you mine."

Before the "real" discussion could even begin, the entire group was off and running on an animated, often humorous and deeply felt dialogue about children: the adult children who never left home, the ones who were having trouble getting a foothold into adulthood, an economic

grip on independence. How can they afford an apartment? A marriage?

At first Mr. Greenberg, the head of The Analysis Group, would try to get the conversation back on track. But after it had happened six times, 12 times, 24 times, he realized that this was the



By C. G. O'DELL IN THE CHICAGO TRIBUNE (TELEGRAM). C. G. O'DELL SYNDICATE

Tanzania: News and Views

What has happened to the crucial teaching of C.P. Scott of the Manchester Guardian that newspapers should not mix factual reporting with comment in the same news story? In your issue of July 20 you publish an agency report stating: "Former President Julius K. Nyerere of Tanzania, whose Socialist policies plunged his nation into bankruptcy, has confirmed he will retire as chairman of the ruling party . . ."

This is a glaring example of mixing news with comment. It is debatable whether Mr. Nyerere's "Socialist policies" did indeed plunge Tanzania into bankruptcy. The country's situation was no worse than that of many other African countries that did not practice socialism. Distinguished academic economists have identified seven reasons for Tanzania's economic setback since 1973, of which five involve external factors (for instance, the impact of the fourfold increase in the price of oil and the collapse in the world prices of commodities) and climatic conditions; only two have to do with wrong government policies. Some of us would argue that, mistaken as some of the policies were, the rural transformation in Tanzania has in fact laid the foundation for the

country's rapid economic recovery, depending mainly on good rainfalls and the correction of some past errors.

It can further be argued that in the first 12 years since independence in 1966 Mr. Nyerere's "Socialist policies" brought considerable economic and social advancement, with growth in the agricultural domestic product greater than Kenya's under its non-Socialist policies.

However, the purpose of this letter is not to argue the case in favor of Tanzania's "Socialist experiment" but to express disappointment that a newspaper of distinction such as the International Herald Tribune should have offended against Scott's cardinal rule.

COLIN LEGUM,
Editor, Africa Contemporary Record,
Richmond, England.

Call Pakistan's Bluff

We continue to read about Pakistan and its search for nuclear materials and knowledge. Pakistanis are caught red-handed trying to buy restricted materials. Their government scoffs at the idea of the United States cutting off aid because Pakistan feels it holds a trump card as a supply conduit to Afghanistan. The time has come to call Islamabad's bluff. It is in

chance. Yet President Genayel faces many formidable obstacles, not the least of which is the intransigence of Israel's wonks and their partitionist designs.

I know that it was pretentious to think that the plight of the Lebanese was the chief Middle East priority of the United States. In any case, the record of the last three years has proved that this was not the case. But to write off Lebanon as a non-viable state can only strengthen Israel's hands in Lebanon.

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Washington.

FROM WRITING ORIGINALS

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Deutsche Bank Profit Falls Sharply

By Ferdinand Protzman
International Herald Tribune

FRANKFURT — Deutsche Bank AG, West Germany's largest commercial bank, reported a steep drop Wednesday in partial operating earnings for the first half of 1987, reflecting what analysts said was a trend toward sharply lower annual earnings in the nation's banking sector.

Deutsche Bank said that parent bank partial operating profit was halved in the first six months of this year, falling to 666.1 million Deutsche marks (about \$359 million) from 1.39 billion DM, a half-year

figure for 1986 based on a sum of monthly average earnings.

It blamed the drop on marked declines in interest and commission earnings.

Partial operating earnings of West German banks consist of interest and commission earnings minus operating expenditures. The banks traditionally compare interest in earnings with an average calculated from the previous year's total.

The first-half earnings comparison was distorted by large extraordinary earnings in 1986 from the sale and share issue of Feldmühle

Nobel AG, the industrial core companies of the former Flick group, the bank said.

Total operating profit, which include Deutsche Bank's trading on its own account, was 28 percent lower in the first half compared with the average calculated for half of 1986. The bank did not provide a specific figure and said the comparison did not include Flick earnings.

The bank said it's earnings from trading on its own account in foreign exchange and precious metals were nearly unchanged.

Deutsche Bank's total assets rose less than 1 percent in the first half, to 161.37 billion DM from 159.9 billion DM.

The decline was expected by banking analysts, who are generally predicting much lower earnings for 1987 compared to the record results posted the previous year by West Germany's "Big Three" — Deutsche Bank, Dresdner Bank AG and Commerzbank AG.

"The banking business is weaker this year for several reasons," said an equities analyst at Industriebank AG in Düsseldorf. "The mark is dead, the stock market is much weaker than it was last year, and operating costs are up slightly. Also, there is very little demand for short-term credit."

Those factors, combined with relative calm on the foreign exchange market in the first half, have cut deeply into banks' commission and own-account trading.

But analysts say Linderbank is likely to be well received. The bank's operating profit rose 12.1 percent in the first half of 1987 from a year earlier. Mr. Wagner said, although he did not give specific figures,

Austria to Sell a 9% Stake In Länderbank This Autumn

International Herald Tribune

FRANKFURT — Österreichische Länderbank AG said Wednesday that the Austrian government will sell a 9 percent stake in the bank this autumn in a move to pique foreign interest in Vienna's privatization plans.

Gerhard Wagner, general director of Länderbank, Austria's second-biggest bank, made the announcement Wednesday at a press conference for the bank's mid-term earnings. The sale would reduce the government stake to 51 percent.

A spokesman at the Finance Ministry confirmed that the sale would take place this year. He said that plans are moving ahead as well to list and sell 9 percent of Creditanstalt Bankverein AG, the nation's largest bank, on foreign stock exchanges.

IRON: Australia Moves to Supply Romania With Ore

(Continued from first finance page)

having increasing difficulty supplying Romania and their East European allies. It's a headache for them."

Brazil, Australia and the Soviet Union are the world's top iron ore exporters. Australia exported 80.5 million metric tons of iron ore worth 1.9 billion Australian dollars in 1986, more than 50 percent of it to Japan.

But Soviet iron ore is of a substantially lower grade than Australian and Brazilian ore, said Geoff Wedlock, planning manager in BHFs minerals division. It is also becoming increasingly expensive to produce as Soviet mines must dig deeper underground.

Another element in the deal involves an shipping canal linking the Romanian port of Constanta on the Black Sea with the Danube river. The port was officially opened by Mr. Ceausescu in May 1984, and he wants more toll-paying bulk goods to flow through it into the heart of Europe.

Mr. Hancock said that Mr. Ceausescu was "wildly enthusiastic" about the plan to improve bulk shipping. "This is the key to making the canal work," he said. "It's no good if there's virtually nothing to go up it."

Mr. Wedlock said the canal provided a gateway for Australia to sell more iron ore and coking coal to the steel industries of eastern and central Europe.

BHP, a leading Australian producer of both these commodities, has been searching for new iron ore and coking coal markets to offset falling sales to Japan, its main customer.

In recent years, BHP has been selling about 1 million metric tons of coking coal annually to the Romanian steel industry under a bilateral barter arrangement.

Sumitomo Plans Share Issue Worth 70 Billion Yen.

United Press International

TOKYO — Sumitomo Bank Ltd., a major Japanese commercial bank, said Wednesday that it will soon issue 20 million new shares to raise about 70 billion yen (\$467 million), to increase its operational funds and its capital.

Details of the new issue, the bank's largest fund-raising, will be decided at a board meeting scheduled for August 20. However, the bank said the shares will be issued at the price prevailing at the time. The shares fell 40 yen on Wednesday to 3,690 on the Tokyo Stock Exchange.

U.S. and European banks have argued that the relatively low capital ratios for Japanese banks give them an unfair advantage in international business. The Japanese average for capital to total assets is about 3.5 percent to 4.0 percent, below the 6.0 percent for their Western rivals.

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for further information and transmission of prequalification forms.

figure for 1986 based on a sum of monthly average earnings.

It blamed the drop on marked declines in interest and commission earnings.

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Insurer Intends To Sell Kluwer Stake To Wolters

Reuters

AMSTERDAM — The biggest Dutch insurer, Nationale Nederlanden NV, said Wednesday it would almost certainly sell its stake of more than 5 percent in the Kluwer NV publishing group to Wolters Samsom Group NV rather than to Elsevier NV, the hostile bidder.

Bids by Elsevier and Wolters Kluwer at just over 1 billion guilders (\$477.6 million), though the exact amount depends upon the price of the companies' stock. At Tuesday's prices, the Elsevier bid is worth about 439.5 guilders per share, while the Wolters bid is worth about 443.

Leonard von Zwol, a managing board member at Nederlanden, said Wolters offered better long-term prospects.

Marion Kriele of Banque Par-

Philips Earnings Rose 3.4% In 2d Quarter but Sales Fell

By Ronald van de Krof
Special to the Herald Tribune

AMSTERDAM — Philips NV, Europe's largest electronics group, said Wednesday that profit edged up a slight 3.4 percent to 215 million guilders (\$103 million at current exchange rates) in the second quarter, from 208 million guilders the year before.

But reflecting the guilder's strength against the dollar and other major currencies, revenue fell 7.7 percent to 12.28 billion guilders in 1986.

Analysts said the Philips figures were generally in line with expectations. However, the company's unchanged per-share profit of 0.90 guilder was lower than some analysts had forecast, and the share price fell 2.10 guilders Wednesday to close at 53.30 guilders on the Amsterdam Stock Exchange.

Marion Kriele of Banque Par-

Nederlanden in Amsterdam said that per-share forecasts had ranged from 0.95 to 1.30 guilders. "But the overall figures were not better or worse than expected," she said. "We see no reason to take Philips off our 'buy' list."

At Van Meer, the Amsterdam brokerage firm, Carl van der Togt said he was reasonably optimistic about the outlook for the second half. He forecast 1987 profit per share at 7 guilders, up from 4.39 guilders in 1986.

But reflecting the guilder's strength against the dollar and other major currencies, revenue fell 7.7 percent to 12.28 billion guilders in 1986.

Analysts said the Philips figures were generally in line with expectations.

Volume in the first half of 1987 rose 5 percent against the like period of 1986. But actual revenue fell 8 percent to 24.16 billion guilders, largely reflecting the strength of the guilder.

Sales volume in the first half of 1987 rose 5 percent against the like period of 1986. But actual revenue fell 8 percent to 24.16 billion guilders, largely reflecting the strength of the guilder.

Philips said all product sectors had contributed to the rise in volume sales in the first half, with the electronic components and consumer electronics showing the strongest gains.

"The quality of profit is improving bit by bit, and for 1987 as a whole we expect net profit to rise," said Bob Spinosa Cartella, a board member, repeating the forecast from the company's 1986 report. Philips's profit for 1986 totaled 1.02 billion guilders.

However, he said Philips had lowered its predictions that volume sales growth in 1987 would outstrip 1986's 6 percent rise. It now expects the annual increase to remain at 6 percent.

"Economic growth in Europe and exchange rate movements of the dollar were somewhat less favorable in the first half than had been expected at the start of the year," a Philips statement said.

Operating profit rose by 12.2 million guilders to 1.53 billion guilders in the first half, despite the adverse foreign exchange movements.

Operating profit rose markedly in the United States, Canada, Latin America and Asia but fell in an undisclosed amount in Europe, the company said, due to a worsening of currency changes. Restructuring efforts over the past few years had helped limit the decline in Europe, it added.

Mr. Spinosa Cartella said Signetics Corp., Philips's U.S. computer chip subsidiary that lost money in 1985 and 1986, broke even in the first half after making a second-quarter profit.

He said Philips expected to cut a total of 3,000 jobs worldwide by the end of the year, reducing the group work force to 340,300. In the first half, Philips eliminated 1,300 jobs, mostly among its European work force in consumer electronics.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

		Canada	Eastman Kodak	Norfolk Southern
2nd Quar.	1987	\$218	1986	1986
Revenue	3,218	2,650	1,640	1,650
Net Income	1,017	1,012	1,012	1,012
Per Share	0.44	0.44	0.44	0.44
1st Half	1987	5,860	5,640	3,240
Revenue	6,240	5,260	3,240	3,240
Net Income	2,032	1,912	1,012	1,012
Per Share	0.72	0.69	0.44	0.44
2d Quar.	1987	1,020	1,020	1,020
Revenue	2,277	2,277	2,277	2,277
Net Income	613	613	613	613
Per Share	2.20	2.20	2.20	2.20
1st Half	1987	4,240	4,240	4,240
Revenue	4,540	4,540	4,540	4,540
Net Income	1,256	1,256	1,256	1,256
Per Share	4.00	4.00	4.00	4.00

		EG & G	Perini
2nd Quar.	1987	1986	1986
Revenue	369	369	1,045
Net Income	102	102	102
Per Share	0.34	0.34	0.34
1st Half	1987	786	1,045
Revenue	786	786	2,090
Net Income	186	186	186
Per Share	0.59	0.59	0.59
2d Quar.	1986	1986	1986
Revenue	369	369	1,045
Net Income	102	102	102
Per Share	0.34	0.34	0.34
1st Half	1986	786	1,045
Revenue	786	786	2,090
Net Income	186	186	186
Per Share	0.59	0.59	0.59

**Wednesday's
AMEX
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

By The Associated Press

1998-01-0703

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Quotations Supplied by Funds Listed) 29th July 1987

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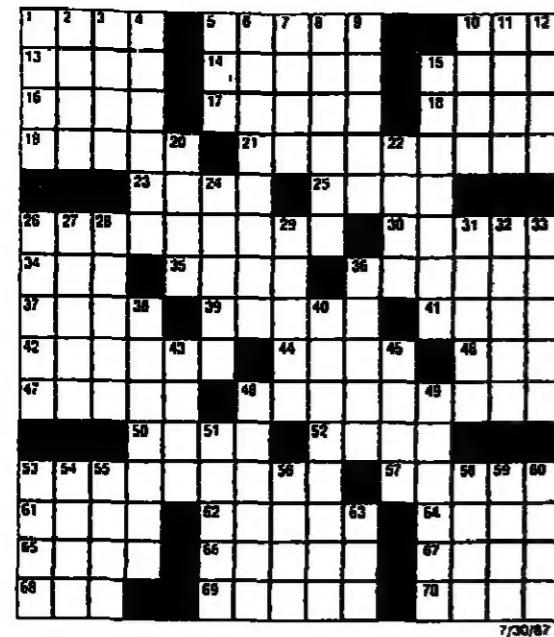
ion Dollars; BF - Belgium Francs; CS - Canadian Dollars; DM - Deutsche Marks;
Fr - French Francs; F - Swiss Francs; Yen - Japanese Yen; - Offer Price/ask - bid change; N.A. - Not Available; N.C. - Not Communicated; o - New; a - suspended
-Dividend; -- Ex-Rights-O Offer Prior Incl. 3% premium charge -- Paris stock exchange -- Amsterdam stock exchange
Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

Stock	Div.	Yld.	PE	%	MoS	High-Low	Close	Graf.	Chg%	12 Month	High-Low	Stock	Div.	Yld.	PE	100s	High-Low	Graf.	Chg%
54% FIFGE	123	.65	10	18	224	23	23	+15	+15	1116	638	LinPrn	466	9.1	4	753	71	-17%	-1%
54% FINGE	M	108	124	19	11	242	24	23	+15	1116	12	LinNC wt	148	12.5	10	12	75	+1%	+1%
54% FINR	5	19	11	26	242	25	25	+15	+15	1116	12	LinNC wt	148	12.5	10	12	75	+1%	+1%
54% Fluke	130	45	23	26	217	216	216	+15	+15	1116	12	Lionel	13	22	26	216	216	+15	+15
54% Foodim	47	15	23	25	227	227	227	+15	+15	1116	12	Lionel wTB	13	22	26	216	216	+15	+15
54% FordLNG	27	12	25	25	217	216	216	+15	+15	1116	12	Littit	128	2	2	216	216	+15	+15
54% FordM wtf	27	12	25	25	240	250	16	+15	+15	1116	12	LorCo	128	2	2	250	130	+15	+15
54% FordC wtf	27	12	25	25	363	40	40	+15	+15	1116	12	LorCo	128	2	2	363	350	+15	+15
54% FordC A	34	9	24	33	112	13	13	+15	+15	1116	12	Lumex	134	3	3	15	15	+15	+15
54% FordS	16	11	22	22	127	128	128	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% Proton	11	11	22	22	127	128	128	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% Proton n	144	35	11	11	116	116	116	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% Franklin	106	35	11	11	116	116	116	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% Frdly	408	35	11	11	116	116	116	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% FriedEl	179	23	13	13	124	124	124	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% FriedEn	28	23	13	13	124	124	124	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% Frisch	220	7	13	13	124	124	124	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
54% Fruitt	76	25	15	15	124	124	124	+15	+15	1116	12	Lumex	134	3	3	140	140	+15	+15
G																			
54% GRI	7	29	29	29	8	8	8	+15	+15	1116	12	MCO Ht	45	45	150	150	150	+15	+15
54% GTI	17	29	29	29	16	16	16	+15	+15	1116	12	MCO R2	45	45	150	150	150	+15	+15
54% GW UI n	17	29	29	29	16	16	16	+15	+15	1116	12	MSA	55	35	150	150	150	+15	+15
54% GolChn	378	19	22	22	120	120	120	+15	+15	1116	12	MSA wT	55	35	150	150	150	+15	+15
54% ColorC	23	23	23	23	120	120	120	+15	+15	1116	12	MSI DI	55	35	150	150	150	+15	+15
54% Goran	46	24	24	24	120	120	120	+15	+15	1116	12	MSI DR	55	35	150	150	150	+15	+15
54% GorJit	24	24	24	24	120	120	120	+15	+15	1116	12	MICG	55	35	150	150	150	+15	+15
54% GorEmp	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorHil	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% Gorica	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorKev	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
54% GorLew	172	24	24	24	120	120	120	+15	+15	1116	12	MICGCS	55	35	150	150	150	+15	+15
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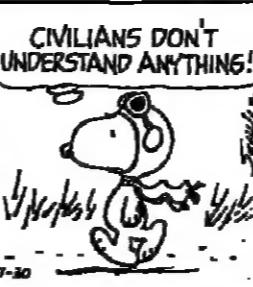
AMEX Highs-Lows

NEW HIGHS		31	NEW LOWS		14
Am Petrof	Am Trk-Br pr		AmTrak-Br	Biscayne B	1444
AmTrk-Br	AmTrk-pr		BonneCo's	CidaDoc's	1516
Block-Bus	BonneCo's		Comico	EasternCo	1056
Chortkoff B	Comico		Imper-OILA's	Kidde-WI	1147
Fabulust	Imper-OILA's		MediGen-B	Pertinent	2395
Momofuchins	MediGen-B		Primer-Finc'l	Sus-Strut,	2314
Presidio A	Primer-Finc'l		WashPost		1246
WarmComstr	WashPost				1146

Floating-Rate Notes



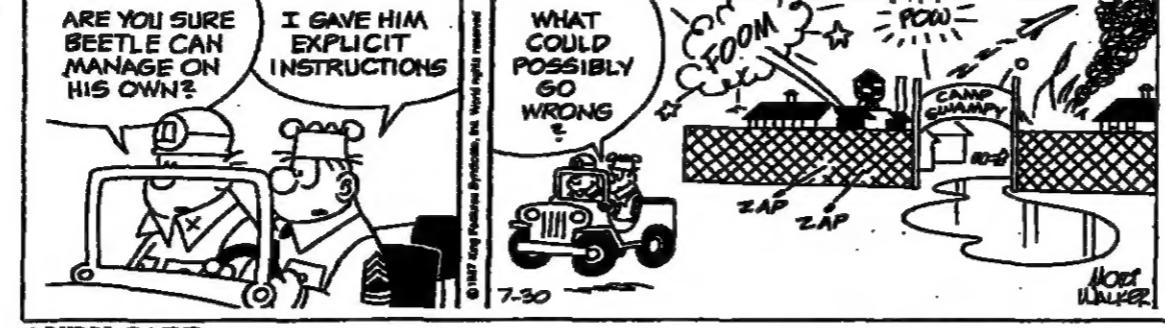
PEANUTS



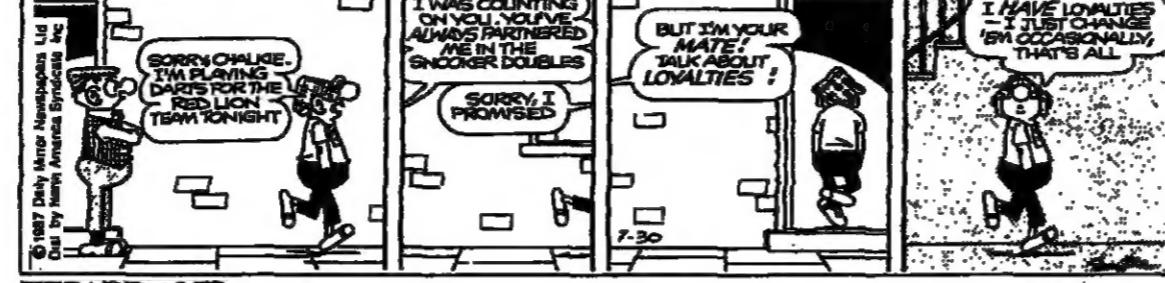
BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



© New York Times, edited by Eugene Maleska.

DENNIS THE MENACE

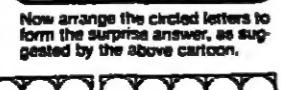
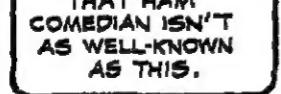
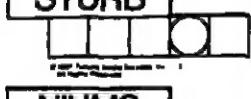


"I KNOW I HAVE TERRIBLE TABLE MANNERS. THAT'S WHY I NEVER USE THEM."

JUMBLE

THAT SCRABBLE WORD GAME
by Henn Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

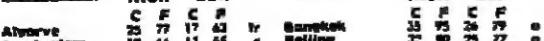
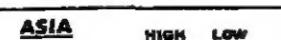


(Answers tomorrow)

Yesterday's Jumbles: INRED BROOK UNTRUE EMPLOY

Answer: That ponderous lumber tycoon moved—HE "LUMBERED"

Print answer here:

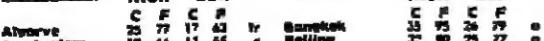
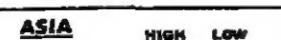


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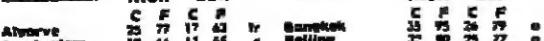
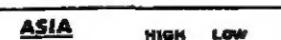


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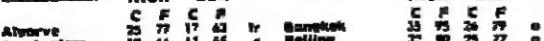
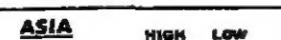


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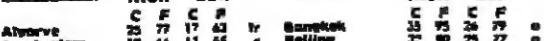
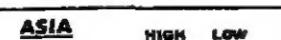


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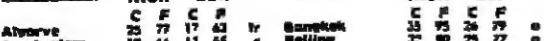
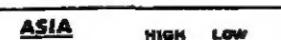


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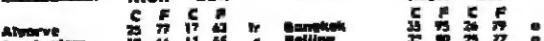
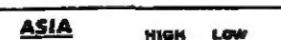


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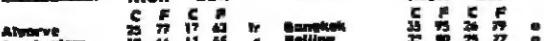
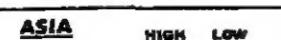


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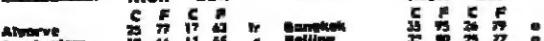
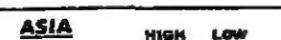


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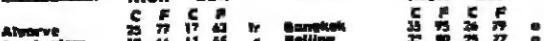
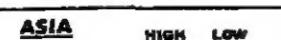


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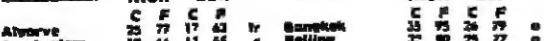
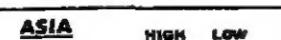


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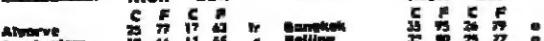
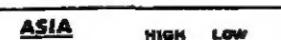


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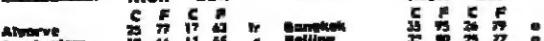
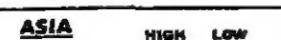


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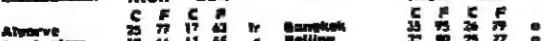
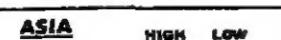


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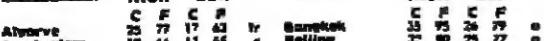
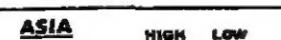


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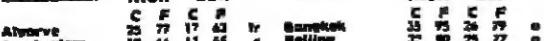
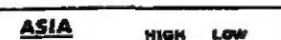


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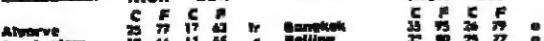
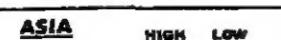


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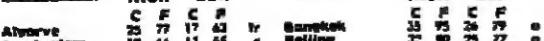
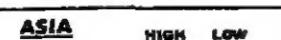


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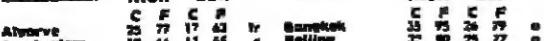
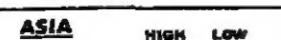


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